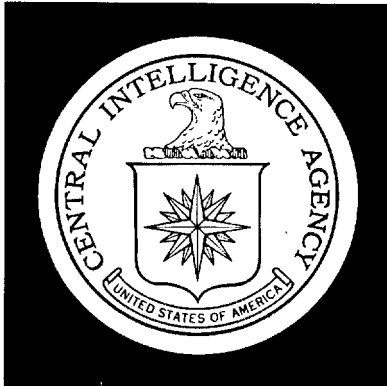


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West Germany: An 8-10 percent revaluation of the mark now appears most likely.

At its meeting on 9 October Germany's Central Bank Council decided to recommend to the new cabinet a revaluation of 8-10 percent, [REDACTED]

[REDACTED] The German Council of Economic Experts has recommended a similar increase.

By acting swiftly to resolve the lengthy dispute, the Bonn coalition will be seeking to project an image of unity and decisiveness. For Brandt to make his first major decision in the economic area would be in line with his previously announced intent to concentrate on domestic issues. This tactic serves to remove the spotlight from the realm of foreign policy, where the government's approach, particularly its more activist line toward the East, could prove controversial.

A revaluation of this magnitude is not likely to have an immediate adverse effect on the West German economy. Industry is operating at full capacity, and orders already on the books guarantee a high level of production and employment for several months. There will probably be a permanent repeal of the four percent border tax measures, thereby reducing the effective rate--as far as German industry is concerned--to no more than 4-6 percent.

The new exchange rate for the mark is to be decided at a cabinet meeting scheduled for 23 October and may be announced during the weekend of 25 October. Revaluation of the mark will contribute to greater stability in the international monetary system and ease the pressures on the dollar, the pound, and the franc. [REDACTED]

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